

March 14, 2003

The Honorable Lillie M. Hart
Clerk of the Circuit Court
City of Chesapeake

City Council
City of Chesapeake

We have audited the cash receipts and disbursements of the Clerk of the Circuit Court of the City of Chesapeake for the period January 1, 2002 through December 31, 2002.

Our primary objectives were to test the accuracy of financial transactions recorded on the Court's financial management system; evaluate the Court's internal controls; and test its compliance with significant state laws, regulations, and policies. However, our audit was more limited than would be necessary to provide assurance on the internal controls or on overall compliance with applicable laws, regulations, and policies.

The results of our tests found the Court properly stated, in all material respects, the amounts recorded and reported in the financial management system. However, we noted a weakness in internal controls and noncompliance with state laws, regulations, and policies that the Clerk needs to address as described below.

Promptly Record Collections

The Clerk is holding several weeks of unprocessed and unrecorded deeds and as a result, has not promptly recorded the collections in the court's financial management system and does not promptly deposit these collections in the court's official bank account as required by Section 17.1-271 of the Code of Virginia. In addition, the Clerk is approximately three months behind in recording and receipting certificates of satisfaction and approximately one month behind in recording and receipting all other deed instruments.

The Clerks stated that the high volume of deed instruments recorded by this Court and limited personnel have hindered the timely processing and recording of these instruments and the recording of the related collection. The Clerk should ensure that all funds received are promptly recorded in the court's financial management system and that all collections are promptly deposited in the court's official bank account. Failure to promptly receipt and deposit collections could result in loss or misappropriation of funds and increases the risk of theft.

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Properly Reconcile Bank Account

The bookkeeper does not properly resolve differences between the bank account and the court's automated financial system. Specifically, we found differences in all 13 months tested ranging from \$15 to \$885. The Clerk should ensure that the bookkeeper resolves all differences between the bank account and the court's automated financial system. Failure to properly resolve differences identified on the court's monthly bank reconciliation could lead to errors and irregularities going undetected.

We discussed these comments with the Clerk on March 14, 2003, and acknowledge the cooperation extended to us by the Court during this engagement.

AUDITOR OF PUBLIC ACCOUNTS

WJK:kva

cc: The Honorable V. Thomas Forehand, Jr.
Clarence V. Cuffee, City Manager
Bruce Haynes, Executive Secretary
Compensation Board
Paul Delosh, Technical Assistance
Supreme Court of Virginia
Martin Watts, Court Analyst
Supreme Court of Virginia
Don Lucido, Director of Technical Assistance
Supreme Court of Virginia
Director, Admin and Public Records
Department of Accounts